



OFFICES IN:
Avon, CT
Denver, CO
Midland, TX

SUBSIDIARIES:
Avon Energy Corporation
Cimarron Petroleum Corporation
Levinson Partners Corporation

September 16, 1992

Ralph Albert Shugart Trust 5/83 #385839014
San Diego Trust & Savings Bank, Trustee
P. O. Box 8529
La Jolla, CA 92038-8529

Re: To All Overriding
Royalty Interest Owners

H. E. West "A" Lease #LC 029426(a)
T17S-R31E
Sec. 3: L1, L2, L3, S $\frac{1}{2}$ N $\frac{1}{2}$
Sec. 4: L3, L4, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$

H. E. West "B" Lease #LC 029426(b)
T17S-R31E
Sec. 3: S $\frac{1}{2}$
Sec. 4: L3, L4, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$
Sec. 9: All
Sec. 10: All

Eddy Co., New Mexico

Ladies and Gentlemen:

Alta Energy Corporation and its wholly owned subsidiaries, Socorro Petroleum Company and Avon Energy Corporation operate the Turner Waterflood Unit which is immediately adjacent to the H. E. West Leases described above. Since purchasing the interest in 1989, we have instituted a very active program of reworking old wells and drilling new wells. This has resulted in an increase in production for the Turner Leases from approximately 2,000 BBLs/month to over 16,000 BBLs/month for the most recent month.

Socorro has also acquired 100% of the Working Interest in the H. E. West Leases described above. As soon as possible, we will begin workover and drilling operations on these leases similar to the Turner Waterflood. We are optimistic that substantial increases in production will result from these operations.

In the course of pursuing the substantial infield drilling which will be necessary to adequately drain this reservoir and in order to maintain the proscribed spacing which has been determined to be appropriate for this unit, it will be necessary to drill several wells which will be directly on the lease line.

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San Diego Trust & Savings Bank, Trustee
September 16, 1992

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All of the leases in this flood are Federal leases and therefore there is only one Royalty Owner, i.e. the Federal Government. Likewise, Socorro owns 100% of the Working Interest. However, the ownership of the Overriding Royalty Interest is quite diverse, and, while some owners have the same interest in both the H. E. West "A" Lease and the H. E. West "B" Lease, some do not. Since the wells drilled on the lease line will drain the reservoir from both leases, this letter is to explain to the Overriding Royalty Owners, both the necessity and the means by which we are proposing to fairly allocate production between the Overriding Royalty Owners in these wells.

In order to understand the procedure, please refer to the enclosed map. The following explanations will be helpful in interpreting the map.

1. The H. E. West Waterflood is composed of the two Federal leases captioned at the heading of this letter. The H. E. West "A" Lease is highlighted in pink. The H. E. West "B" Lease is highlighted in yellow.
2. Border Wells, meaning the wells which are on the border between the two leases are indicated by the red line. The category of Border Wells is further described as follows:
 - A. Category I Border Wells - There are two Category I wells which are shown in blue on the map. The allocation formula for this will be 25% of the production to the H. E. West "A" Lease and 75% of the production to the H. E. West "B" Lease.
 - B. Category II Border Wells - There is only one of these wells which is shown in green on the map. The allocation formula for this will be 75% of the production to the H. E. West "A" Lease and 25% of the production to the H. E. West "B" Lease.
 - C. Category III Border Wells are those that fall on the lease line where the allocation is 50% to each lease. These wells are shown in orange on the map.
3. The Allocation Formula for wells which are Border Wells will be based on the simple acreage contribution that the associated lease contributes to the well.

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San Diego Trust & Savings Bank, Trustee
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Examples:

- A. The simplest case is where the well has the same amount of acreage contribution from each lease, that is, it is not on any of the corners of the lease. In this case, each lease would share jointly in the production from the lease. If all the wells were drilled in these locations, no allocation would be necessary.
- B. The other example is where a well falls at the corner of a lease. In this case, the production will be allocated on an acreage basis depending upon the amount of acreage each lease contributes to the well.

Production is to be co-mingled into a common tank battery for the Border wells. Production will be tested at least every 60 days and the allocation formulas described above will be used to distribute production based on actual 24 hour well tests. (Non-Border well production will be produced into a separate facility.)

We wish to begin re-working and new drilling as soon as possible on these leases. Therefore, we need each owner to sign, notarize and return the enclosed Cooperative Plan of Development as soon as possible. If you are an owner under both leases, you will need to sign in two places. For your convenience we have enclosed a stamped return envelope. If you have any questions, please call either Keaton Barker or Rhonda Deimer collect at 303-825-0714.

Thank you for your assistance.

Sincerely,

ALTA ENERGY CORPORATION

Keaton Barker

Keaton Barker
Land Manager

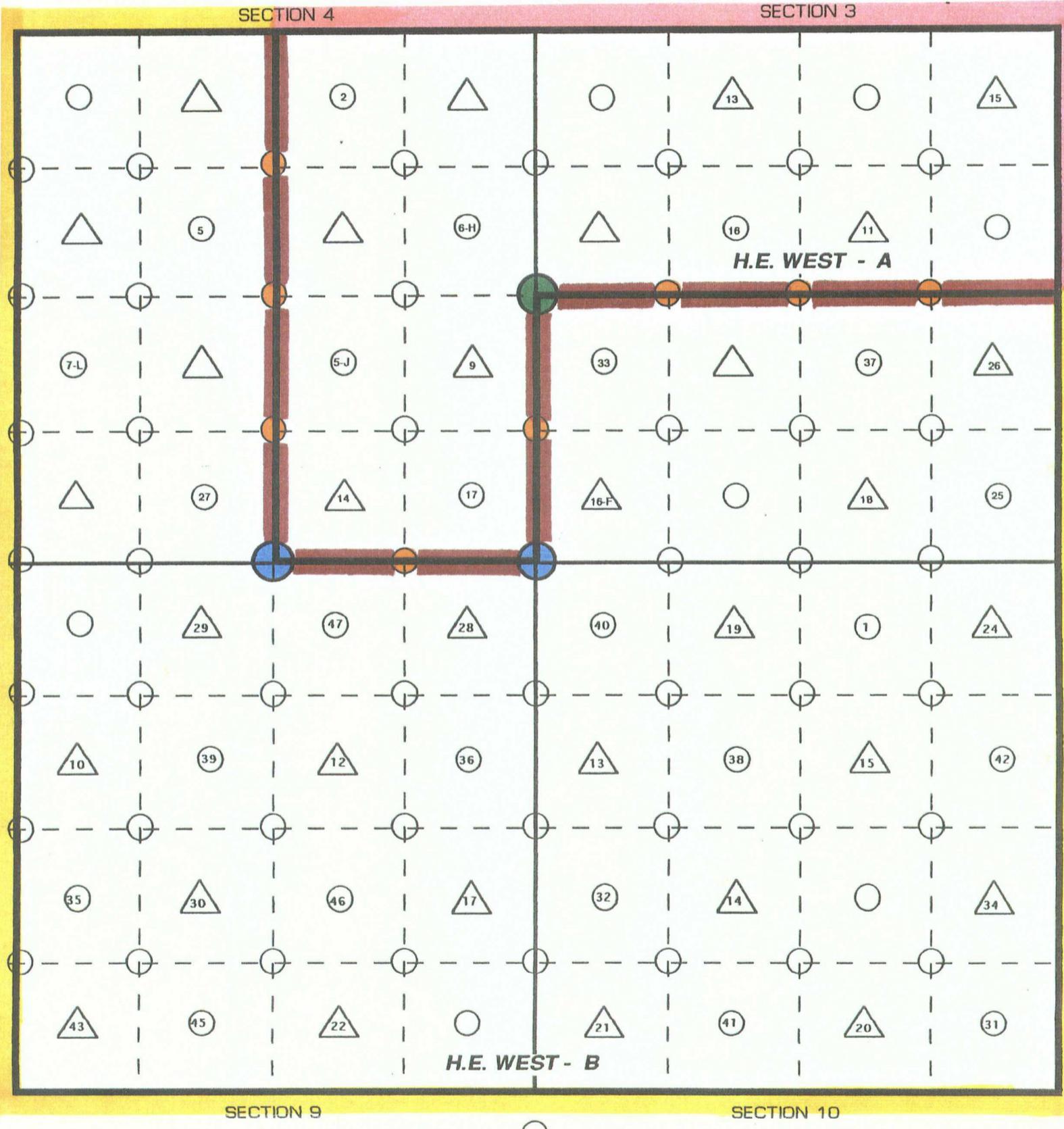
**INSTRUCTIONS FOR EXECUTION
OF
COOPERATIVE PLAN OF DEVELOPMENT**

1. Enclosed are two copies of the above document. One is to be returned and one you may retain for your records. Please sign your name at all locations indicated in the document by the arrows. If you own under both the H. E. West "A" and H. E. West "B" lease, it will be necessary for you to sign in two places. (Four signatures total).
2. If the owner is married, it will be necessary for the spouse to sign also. If spouse is deceased, please write deceased in the place indicated for spouse signature.
3. Have the signatures acknowledged by a notary public. Please make sure the notary fills in the spaces for names, dates and notary expiration date and imprints the notary seal.
4. Please return one copy in the enclosed envelope. If you have any questions, please call collect for Keaton Barker or Rhonda Deimer at 303-825-0714.

EXHIBIT "C"

County EDDY State NEW MEXICO

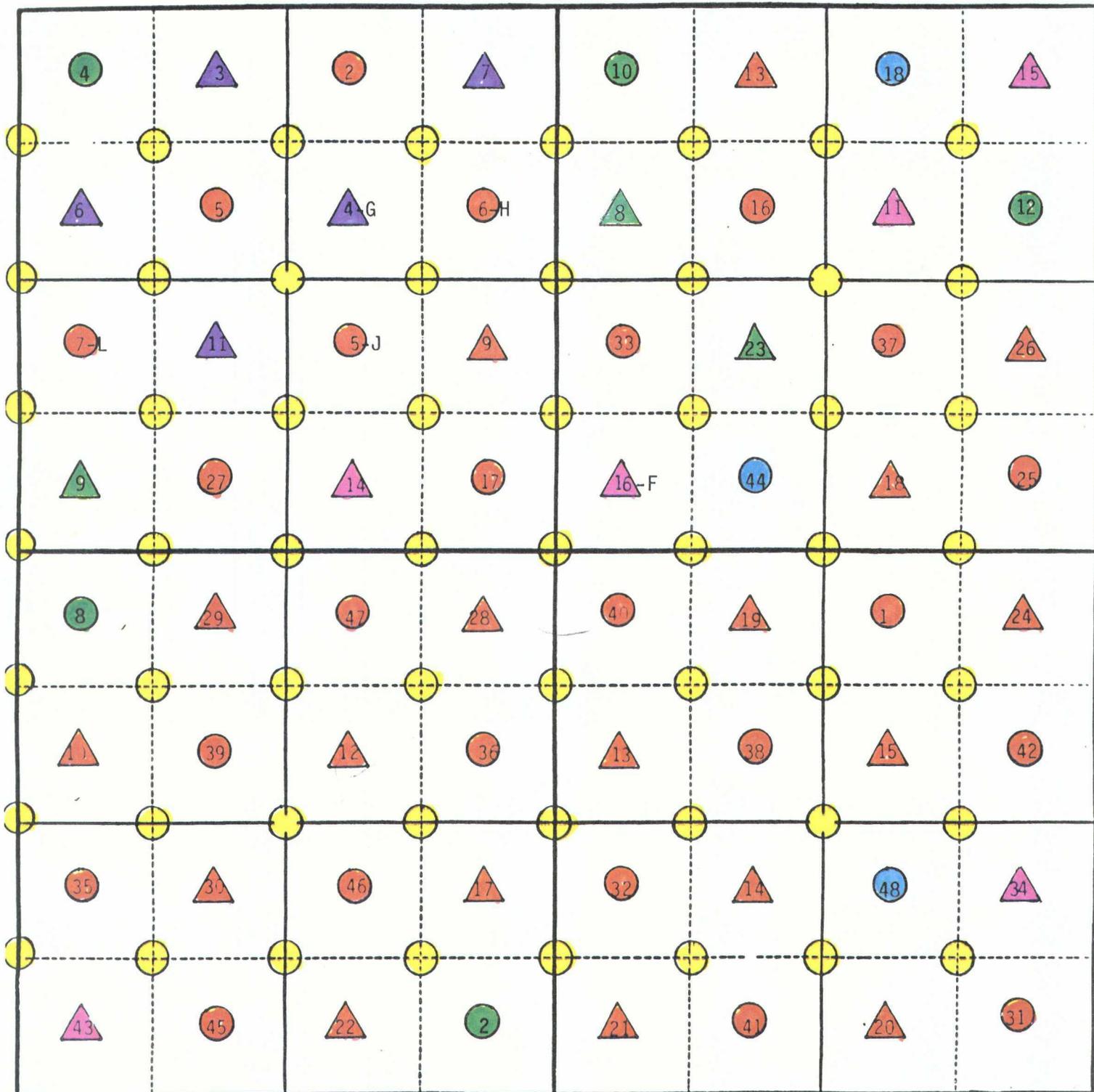
Township 17 SOUTH Range 31 EAST



○ PRODUCER
△ INJECTOR

SECTION 4

SECTION 3



SECTION 9

SECTION 10

- ACTIVE INJECTOR/ACTIVE PRODUCER
- RE-DRILL INJECTOR/RE-DRILL PRODUCER
- DRILL INJECTOR/DRILL 40 A. PRODUCER
- CONVERT TO INJECTOR/CONVERT TO PRODUCER
- ACTIVATE INJECTOR/ACTIVATE PRODUCER
- DRILL 20 A. INFILL PRODUCER
- PRODUCER
- INJECTOR

NAVAJO REFINING COMPANY

D I V I S I O N O F I N T E R E S T E X H I B I T

LEASE NO: 3496

EFFECTIVE DATE: OCTOBER 1, 1992

LEASE NAME: H E WEST "A"

OPERATOR: 340 SOCORRO OIL

PAGE 1

OWNER NO.	CREDIT TO	DIVISION OF INTEREST	TYPE INTEREST
00002	DEPARTMENT OF INTERIOR-MMS ROYALTY MANAGEMENT PROGRAM P O BOX 5760 DENVER CO 802175760	.11700000	RI
00588	HIGGINS TRUST C/O JIM HAAS P O DRAWER 239 ARTESIA NM 882110239	.01500000	OR
01381	NCNB TX NATL BANK C/O TRUST OIL & GAS TRUSTEE U W SELMA E ANDREWS TR05188-01 PO BOX 830308 DALLAS TX 752830308	.00805570	OR
05578	BRAILLE INSTITUTE OF AMERIC INC#631-00 P O BOX 830308 DALLAS TX 75283-0308	.00694430	OR
08453	RALPH ALBERT SHUGART TR 5/83 #325839014 SAN DIEGO TR & SAVINGS SK TRUSTEE PO BOX 129113 SAN DILGO CA 921129113	.01000000	OR
09191	SABINE ROYALTY TRUST P O BOX 830650 DALLAS TX 75283-0650	.00500000	OR
15741	PETROLEUM ROYALTY SEARCH INC PO BOX 11210 MIDLAND TX 797028210	.00166670	OR
17126	THELMA ADAMS HUDMAN 3607 45TH ST LUGBOCK TX 794133418	.00083333	OR
17128	ED M LAWRENCE 300 MC NAUGHTON LN FORT WORTH TX 761143507	.00375000	OR
17130	WILLIAM H EYSSSEN JR 221 RED BIRD LANE FORT WORTH TX 761143523	.00375000	OR

 THIS EXHIBIT IS ATTACHED TO AND MADE A PART OF
 NAVAJO REFINING COMPANY DIVISION ORDER NO. 3496

NAVAJO REFINING COMPANY

D I V I S I O N O F I N T E R E S T E X H I B I T

LEASE NO: 3496

EFFECTIVE DATE: OCTOBER 1, 1992

LEASE NAME: H E WEST "A"

OPERATOR: 840 SOCORRO OIL

PAGE 2

OWNER NO.	CREDIT TO	DIVISION OF INTEREST	TYPE INTEREST
17131	WILLIE OPAL HAM TRINITY TOWERS 2800 W ILLINOIS ROOM 526 NORTH TOWER MIDLAND TX 797013176	.00500000	OR
17132	ELDON & KATHLEEN CRISMAN AS J/T 800 13TH AVENUE MENDOTA IL 613421404	.00041667	OR
17133	GUY KEEL GUFFEE JR P O BOX 1841 FAYETTEVILLE AR 727021841	.00166666	OR
17134	LUCILE HAWLEY 406 CONGRESS STREET OTTAWA IL 613503014	.00033333	OR
17135	LILLIAN C KEEL 4831 W LAWTHOR DR #304 DALLAS TX 752141846	.00166660	OR
17136	SISTERS OF ST FRANCIS OF ASSISI 3221 S LAKE DRIVE MILWAUKEE WI 532073799	.00125000	OR
17137	RACHEL VANDEWART HC62 FLYING H NM 883229801	.00166667	OR
17138	EDNA EARL WINTERS - <i>deceased</i> BPX 928 LAMPASAS TX 765500928	.00166667	OR
17139	HERBERT PRUIT PAT JOYCE JR 3005 CHIQUITA LANE ROSWELL NM 882016623	.00166670	OR
17140	JACKIE KELTNER 19319 WOODLAND ACRES LITTLE ROCK AR 722105439	.00027778	OR

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 NAVAJO REFINING COMPANY DIVISION ORDER NO. 3496

NAVAJO REFINING COMPANY

D I V I S I O N O F I N T E R E S T E X H I B I T

LEASE NO: 3496

EFFECTIVE DATE: OCTOBER 1, 1992

LEASE NAME: H C WEST "A"

OPERATOR: 840 SOCORRO OIL

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OWNER NO.	CREDIT TO	DIVISION OF INTEREST	TYPE INTEREST
17143	WANDA J WOMBLE PO BOX CR240 MARYNEAL TX 79535	.00041667	OR
17144	SOCORRO PETROLEUM COMPANY PO DRAWER 3268 MIDLAND TX 797023268	.79800000	WI
20109	EMMETT BERNARD JOHNSTON 2715 N KENTUCKY AVE #16 ROSWELL NM 882015811	.00500000	OR
20110	MARY ELLEN JOHNSTON 2715 N KENTUCKY AVE #16 ROSWELL NM 882015811	.00500000	OR
20239	JON CUSTER HUGHES 707 SHELL AVE MIDLAND TX 797058916	.00194444	OR
20582	PERRY LEE HUGHES 707 SHELL AVE MIDLAND TX 797058916	.00111112	OR
20609	VIRGINIA ADAMS MUNCY 8248 CR 181 MARYNEAL TX 795350087	.00041666	OR
		INTEREST TOTAL	1.00000000

 THIS EXHIBIT IS ATTACHED TO AND MADE A PART OF
 NAVAJO REFINING COMPANY DIVISION ORDER NO. 3496

NAVAJO REFINING COMPANY

D I V I S I O N O F I N T E R E S T E X H I B I T

LEASE NO: 3493

EFFECTIVE DATE: OCTOBER 1, 1992

LEASE NAME: H E WEST "B"

OPERATOR: 840 SOCORRO OIL

PAGE 1

OWNER NO.	CREDIT TO	DIVISION OF INTEREST	TYPE INTEREST
00002	DEPARTMENT OF INTERIOR-MMS ROYALTY MANAGEMENT PROGRAM P O BOX 5760 DENVER CO 802175760	.06100000	RI
17126	ED M LAWRENCE 300 MC NAUGHTON LN FORT WORTH TX 761143507	.00375000	OR
17130	WILLIAM H EYSSSEN JR 221 RED BIRD LANE FORT WORTH TX 761143523	.00375000	OR
17132	ELDON & KATHLEEN CRISMAN AS J/T 800 13TH AVENUE MENDOTA IL 613421404	.00041667	OR
17134	LUCILE HAWLEY 406 CONGRESS STREET OTTAWA IL 613503014	.00083333	OR
17136	SISTERS OF ST FRANCIS OF ASSISI 3771 S LAKE DRIVE MILWAUKEE WI 532073799	.00125000	OR
17144	SOCORRO PETROLEUM COMPANY PO DRAWER 3268 MIDLAND TX 797023268	.92900000	WI

INTEREST TOTAL 1.00000000

THIS EXHIBIT IS ATTACHED TO AND MADE A PART OF
NAVAJO REFINING COMPANY DIVISION ORDER NO. 3493



STATE OF NEW MEXICO
 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
 GOVERNOR

ANITA LOCKWOOD
 CABINET SECRETARY

October 13, 1993

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87504
 (505) 827-5800

Socorro Petroleum Company
 c/o Jerry W. Long
 2709 Resolana Drive
 Roswell, NM 88201

Corrected Administrative Order NSL-3197

Dear Mr. Long:

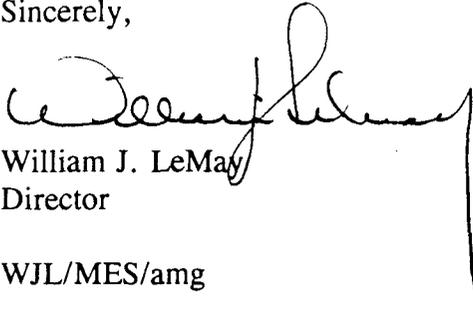
Reference is made to your applications dated August 24, 1992 for seven unorthodox oil well locations for the purpose of completing an efficient injection/production pattern within the Keel-West Waterflood Project Area, established by Division Order No. R-2268, as amended. These seven wells are to be located in Township 17 South, Range 31 East, NMPM, Grayburg-Jackson Seven Rivers-Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.

<i>Well Name and Number</i>	<i>Footage Location</i>	<i>Unit</i>	<i>Section</i>	<i>Dedicated 40-Acre Tract</i>
H.E. West "B" No. 50	50' FSL - 1400' FWL	N	3	SE/4 SW/4
H.E. West "B" No. 51	1337' FNL - 1363' FWL	F	10	SE/4 NW/4
H.E. West "B" No. 52	1250' FNL - 100' FWL	D	10	NW/4 NW/4
H.E. West "B" No. 53	1350' FNL - 1250' FEL	H	9	SE/4 NE/4
H.E. West "B" No. 54	75' FNL - 1370' FEL	B	9	NW/4 NE/4
H.E. West "A" No. 22	1345' FSL - 35' FEL	I	4	NE/4 SE/4
H.E. West "A" No. 23	140' FSL - 35' FEL	P	4	SE/4 SE/4

Corrected Administrative Order NSL-3197
Socorro Petroleum Company
October 13, 1993
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By the authority granted me under the provisions of General Rule 104 F.(I), the above-described unorthodox oil well locations are hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is written in a cursive style with a large initial "W" and a long vertical line extending downwards from the end of the signature.

William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Artesia
US Bureau of Land Management - Carlsbad